

City of Detroit

CITY COUNCIL

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TO: Douglass Diggs, Director of Activities
Planning & Development Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 25, 2008

RE: 2008-2009 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2008-2009 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Tuesday, April 29, 2008 at 10:00 a.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Alia Moss, Budget Department Team Leader
Norman White, Chief Financial Officer
Kerwin Wimberly, Mayor's Office

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Planning Development Department (36)

FY 2008-09 Budget Analysis by the Fiscal Analysis Division

Summary

The Planning Development Department is a General Fund agency.

The recommended 2008-09 Budget totals \$56.6 million. This represents a \$9 million decrease (13.7%) from the current fiscal year.

The department's net tax cost is \$1,186,251, which increases by \$7,328,929. This is due primarily to a corresponding decrease in revenues for the sale of real property in the amount of \$7 million.

In the recommended budget, the department receives 89.6% of its revenues from federal grants, which consists of Community Development Block Grant funds, and HOME Program funds. The Mayor anticipates that the department will receive \$1.8 million less in grant revenues in the upcoming fiscal year.

The City Council deliberates over the federal dollars in the budget during its review and approval of the city's Consolidated Plan that is submitted to HUD. Consequently, this budget analysis concentrates on the General Fund and Capital Improvement budgets of the department.

The Mayor recommends the elimination of capital improvement funds from PDD's budget, reducing it to zero (0), which is a \$7.5 million decrease from the current year's budget of \$7.5 million.

The Mayor recommends a net decrease of 11 positions, consisting of the elimination of 14 grant positions, offset by the creation of 3 City positions.

2007-08 Surplus/(Deficit)

The Mayor anticipates a \$9 million surplus for the department. The surplus is due to an appropriation surplus of \$123,478 due to vacancies and an \$8.95 million revenue surplus due to land sales.

Overtime

The department's overtime budget for 2007-08 is \$24,184. As of March 31, 2008, overall the department has spent \$2,841 (11.7%) on overtime. The Mayor recommends \$9,796 in overtime for the department in 2008-09.

Personnel and Turnover Savings

The Mayor recommends no turnover savings for the department in the 2007-08 Budget.

The following is information by appropriation comparing FY 2007-08 positions, as of March 31, 2008 filled positions and FY 2007-08 recommended positions:

| <u>Appropriation/Program</u> | <u>Redbook Positions FY 2007-08</u> | <u>Filled Positions 3/31/2008</u> | <u>Mayor's Budget Positions FY 2008-09</u> | <u>Over/(Under) Actual to 07/08 Budget</u> | <u>Mayor's Recommended Turnover</u> |
|---|---|---|--|--|---|
| Planning & Development Department (36) | | | | | |
| 00015 Real Estate-City | 23 | 22 | 21 | (1) | \$ - |
| 360052 Planning and Develop Resour | 0 | 0 | 6 | 0 | \$ - |
| 360053 ONCR | 0 | 0 | 2 | 0 | \$ - |
| 360105 Planning City | 2 | 2 | 0 | 0 | \$ - |
| 360145 Development City | 6 | 5 | 5 | (1) | \$ - |
| 00883 Development-City | 8 | 7 | 13 | (1) | \$ - |
| 360010 Administration | 23 | 21 | 19 | (2) | \$ - |
| 360012 Grants/MIS | 8 | 8 | 8 | 0 | \$ - |
| 360013 Financial Management | 13 | 13 | 14 | 0 | \$ - |
| 360015 Contract Compliance | 10 | 10 | 10 | 0 | \$ - |
| 06040 PDD Administration-BG | 54 | 52 | 51 | (2) | \$ - |
| 360060 Development | 18 | 17 | 18 | (1) | \$ - |
| 360100 Planning | 14 | 12 | 12 | (2) | \$ - |
| 360120 Real Estate BG App 6044 | 4 | 3 | 0 | (1) | \$ - |
| 06044 Development-BG | 36 | 32 | 30 | (4) | \$ - |
| 06106 Home Program 94 Administration | 13 | 13 | 12 | 0 | \$ - |
| 360037 Neighborhood Development - Public | 0 | 0 | 0 | 0 | \$ - |
| 360041 Neighborhood Development | 0 | 0 | 0 | 0 | \$ - |
| 360090 Housing Services | 34 | 34 | 35 | 0 | \$ - |
| 06667 NRR Rehab. Program Staff | 34 | 34 | 35 | 0 | \$ - |
| 11134 Ofc. of Neighborhood Development | 3 | 4 | 0 | 1 | \$ - |
| 360036 Neighborhood Development-Admin. | 8 | 7 | 10 | (1) | \$ - |
| 360037 Neighborhood Development-Public | 3 | 3 | 3 | 0 | \$ - |
| 360038 Comm. Based Org/Eco Dev Tech | 5 | 3 | 2 | (2) | \$ - |
| 11494 Comm. Based Org/Eco Dev Tech Asst | 16 | 13 | 15 | (3) | \$ - |
| 11815 Emergency Shelter Staff-PDD | 0 | 0 | 0 | 0 | \$ - |
| 11884 CDC Admin. Operations | 1 | 1 | 0 | 0 | \$ - |
| 36XXXX Leave of Absence | 0 | (2) | 0 | (2) | \$ - |
| TOTAL | 188 | 176 | 177 | (12) | \$ - |

Proposed Layoffs and Vacant Position Reductions

The 2008-09 Budget requires no layoffs in the Planning Development Department.

The department is anticipating a net decrease of 11 positions, consisting of the elimination of 14 vacant grant positions, 13 block grant positions and one Home Fund position. The 14 position reductions were offset by the addition of 3 general fund positions, which include one transferred position from ITS, added to assist with the Welcome/Resource Center.

Significant Funding by Appropriation

| <u>Appro.</u> | <u>Program</u> | |
|---------------|----------------|--|
|---------------|----------------|--|

| | | |
|-------|-------------------------------|--|
| 00014 | Community Development | This appropriation decreases by \$125,000, due to decreases of \$150,000 in Property Taxes and \$25,000 for Title Information, offset by \$50,000 increase in Acquisitions-Land. |
| 00015 | Real Estate - City | This appropriation decreases by \$276,400. The decrease is due primarily to a \$181,800 increase in block grant reimbursements (indirect costs) and \$91,000 in salaries and benefits decreases and a \$3,600 decrease for employee parking. |
| 00595 | Economic Dev. Corporation | The City's contribution for the Economic Development Corporation remains unchanged at \$300,000 in 2008-09 FY. |
| 00597 | Economic Grow. Corporation | The City's contribution for the Detroit Economic Growth Corporation remains unchanged at \$1 million in 2008-09 FY. |
| 00883 | Development - City | This appropriation increases by \$726,700 due primarily to a \$840,000 increase for the creation of org 36-0052 Planning and Development Resources and its six (6) positions, a \$272,000 increase for ONCR (Office of Neighborhood Commercial Revitalization) offset by the elimination of org 36015 Planning City, and a \$24,800 decrease in org 360145 Development City. |
| 00945 | Commercial - Industrial Sites | This appropriation consists of \$2 million in capital dollars for the current fiscal year to provide funds for Street Improvements-Direct Costs for commercial industrial sites, is reduced to zero and eliminated in the 2008-09 fiscal year. |
| 12395 | Planning & Dev. Bonds | This appropriation consists of \$5.5 million in capital dollars to provide funds for Street Improvements Direct costs for residential sites, is reduced to zero and eliminated from the 2008-09 fiscal year budget. |
| 11134 | Off. of Neigh. Development | This appropriation of \$465,000 in 2007-08 FY, is eliminated from the 2008-09 FY budget. This activity has been moved To Appropriation 00883 Development City. |

Significant Revenue Change by Appropriation and Source

| <u>Appro.</u> | <u>Program</u> | |
|---------------|----------------|--|
|---------------|----------------|--|

| | | |
|-------|-----------------------|--|
| 00014 | Community Development | Revenue source decreases by \$6.9 million due primarily to a \$7 million (53.8%) decrease in the sales of City real property, offset by a \$57,000 increase in Miscellaneous Receipts. |
|-------|-----------------------|--|

00883 Development Revenue of \$60,000 is eliminated in the 2008-09 FY.
City

Planning and Development (36)

| Budgeted Professional and <u>Contractual Services by Activity</u> | FY 2007-08 <u>Budget</u> | FY 2008-09 <u>Recommended</u> | Increase <u>(Decrease)</u> |
|--|-----------------------------|----------------------------------|-------------------------------|
| Administration | \$ 280,000 | \$ 271,500 | \$ (8,500) |
| Development | 590,287 | 603,344 | 13,057 |
| Planning | 120,000 | 120,000 | - |
| Bonded Capital Projects | - | - | - |
| Office of Neighborhood Commercial | - | - | - |
| Total | <u>\$ 990,287</u> | <u>\$ 994,844</u> | <u>\$ 4,557</u> |

Professional and Contractual Services increase slightly by 0.46% in 2008-09.

Issues and Questions

The department is will have 3 new general fund positions in the 2008-09 fiscal year, which include a transfer from ITS to assist with the Welcome/Resource Center. What are the positions of the 3 new general fund positions and how does the department anticipate the new hires will impact the daily operations in the department?

The department is also eliminating 14 grant position vacancies, including one Home Fund position. How long have these 14 grant-funded positions been vacant? Why were 14 grant-funded positions vacant?

Administration

- **(Pg 36-2) Major Initiatives for FY 2007-08: Implement HUD section 3 program to provide employment, training and business opportunities for city of Detroit residents.**

How successful has the department been in the current fiscal year in accomplishing the goals of providing employment, training and business opportunities for city of Detroit residents under the HUD section 3 program?

How many individuals participated in the program?

Real Estate Development Division

- **(Pg 36-6) Major Initiatives for FY 2007-08: To transition the newly formed Real Estate Development Division in 3 years into a highly competitive and productive unit by reclassifying and consolidation of 15-20% of our development specialist title into a project management title for optimum delivery services.**

Please explain how the department's reclassifying and consolidation of the positions stated above will operationally transition the Real Estate Development Division in 3 years into a highly competitive and productive unit?

- **(Pg 36-6) Planning for the future for FY 2008-08, FY 2009-10 and Beyond: Develop a Real Estate Development Division Resource Handbook and brochure to be integrated into the department's procedures and protocols and made available to all staff and prospective business clientele.**

How soon does the department anticipate the handbook will be available and what is the projected cost to produce it?

What is the anticipated impact of the new handbook on the daily operations in the Real Estate and Development Division?

Will this handbook be available via the Internet on the department's website?

Development

- **(Pg 36-7) Major Initiatives for FY 2007-08: Implemented two \$4 million HUD Lead Hazard Demonstration Grant Awards (2004& 2007)**

In the 2007-08 fiscal yare, the department added a position to the HOME Fund in order to ensure reduction in lead hazardous homes in the city of Detroit. The department is now planning on eliminating a vacant HOME Fund position in fiscal 2008-09. Has the HOME Fund position created to assist in lead paint abatement remained unfilled for the entire fiscal year? If so, why, and how has this Home Fund vacancy impacted the department's lead abatement efforts?

- **(Pg 36-9) DEVELOPMENT MEASURES AND TARGETS**

| | 2005-06 Actual | 2006-07 Actual | 2007-08 Projected | 2008-09 Target |
|--|-------------------|-------------------|----------------------|-------------------|
| Number of site visits | 16,107 | 15,400 | 43,200 | 35,000 |
| Amount of Private investment leveraged | \$8,204,826 | \$19,100,558 | \$55,000,000 | \$60,000,000 |

As the Chart above indicates, the projected and targeted number of site visits and the projected and targeted amount of private investment leveraged in the 2007-08 and 2008-09 fiscal years are expected to increase significantly from the two previous fiscal years' actual data. What steps does the department plan to take in order accomplish these goals? So far, how is the department progressing on meeting its 2007-08 projections in the aforementioned areas?

How has PDD fared on utilizing the \$2 million in Capital dollars in appropriation **00945 Commercial Industrial Sites**, budgeted the current fiscal year? If the work has not been completed, when does the department anticipate it will complete the capital work?

How has PDD fared on utilizing the \$2 million in Capital dollars in appropriation **12369 Planning and Development Bonds** for residential sites, also budgeted in 2007-08 FY? If the work has not been completed, when does the department anticipate it will complete the capital work for these residential sites?

- What are the future plans for Tiger Stadium and parcel?

Revenue

- **(Pg. 36-46) 0014 Community Development - 464100 Sales of City Real Property)** In the current fiscal year 2006-07, Planning and Development has \$13 million in budgeted revenue slated for this revenue category. To-date, what is the current level of revenue collections in this category? Will the department collect all of this revenue before the fiscal year ends, June 30, 2008?

Provide a list of all fees and charges made by the Planning and Development Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? If so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.

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